

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2544 - SB 2771**

February 25, 2022

**SUMMARY OF BILL:** Requires a health benefit plan to provide coverage to a patient 35 years-old or older for an annual screening by all forms of low-dose mammography for the presence of breast cancer, along with diagnostic imaging and supplemental breast screening.

**FISCAL IMPACT:**

**Increase State Expenditures - \$2,819,900/FY22-23  
\$569,800/FY23-24 and Subsequent Years**

**Increase Federal Expenditures - \$3,784,900/FY22-23  
\$757,700/FY23-24 and Subsequent Years**

**Increase Local Expenditures - \$592,600/FY22-23\*  
\$122,200/FY23-24 and Subsequent Years\***

Assumptions:

- Tennessee Code Annotated § 56-7-2502 currently requires health benefit plans to cover a baseline mammogram for women between the ages of 35 and 40, one mammogram every two years for women ages 40 to 50, and one mammogram every year for women 50 and older.
- The Division of TennCare does not currently cover and reimburse for screening mammograms for women under the age of 40.
- TennCare currently covers approximately 66,557 women between the ages of 35 to 39. It is assumed that 50 percent, or 33,279 (66,557 x 50%), of these women will get screened within the first year after the proposed legislation is enacted, plus an additional 10 percent each subsequent year, or 6,656 (66,557 x 10%)
- The average cost of a low-dose mammography for TennCare is \$104. Therefore, there would be an increase in expenditures of \$3,461,016 (33,279 x \$104) in FY22-23 and an increase of \$692,224 (6,656 x \$104) in FY23-24 and subsequent years.
- It is estimated that 10 percent of these screened individuals will need follow-up diagnostics and procedures, which costs an average of \$638.20. This would lead to an increase in expenditures of \$2,123,930 [(33,279 x 10%) x \$638.20] in FY22-23 and an increase of \$424,786 [(6,656 x 10%) x \$638.20] in FY23-24 and subsequent years.

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- The total increase in expenditures for TennCare is expected to be \$5,584,946 (\$3,461,016 + \$2,123,930) in FY22-23 and \$1,117,010 (\$692,224 + \$424,786) in FY23-24 and subsequent years.
- Medicaid expenditures receive matching funds at a rate of 66.165 percent federal funds to 33.835 percent state funds. Of this amount \$1,889,666 (\$5,584,946 x 33.835%) will be in state funds and \$3,695,280 (\$5,584,946 x 66.165%) will be in federal funds for FY22-23, and \$377,940 (\$1,117,010 x 33.835%) will be in state funds and \$739,070 (\$1,117,010 x 66.165%) will be in federal funds for FY23-24 and subsequent years
- Benefits Administration's (BA) state group insurance plan (SGIP) does not currently cover and reimburse for screening mammograms for women under the age of 40.
- SGIP currently covers approximately 15,862 women between the ages of 35 to 39.
- It is assumed that 50 percent, or 7,931 (15,862 x 50%), of these women will get screened within the first year after the proposed legislation is enacted, plus an additional 10 percent each subsequent year, or 1,586 (15,862 x 10%)
- The average allowed cost for a mammogram under SGIP is \$173.09. Therefore, there would be an increase in expenditures of \$1,372,777 (7,931 x \$173.09) in FY22-23, and an increase in expenditures of \$274,521 (1,586 x \$173.09) in subsequent years.
- It is estimated that 10 percent of screened individuals, or 793 (7,931 x 10%) in FY22-23 and 159 (1,586 x 10%) in subsequent years, will need a follow-up service, half receiving an ultrasound and the other half receiving an MRI. The average allowed cost under SGIP for an ultrasound is \$137.98, which will lead to an increase in expenditures of \$54,709 [(793 x 50%) x \$137.98] in FY22-23 and \$10,969 [(159 x 50%) x \$137.98] in subsequent years. The average allowed cost under SGIP for an MRI is \$466.44, which will lead to an increase in expenditures of \$184,943 [(793 x 50%) x \$466.44] in FY22-23 and \$37,082 [(159 x 50%) x \$466.44] in subsequent years.
- The total increase in expenditures for individuals covered under SGIP in FY22-23 is \$1,612,429 (\$1,372,777 + \$54,709 + \$184,943). The amount will be paid with \$930,210 in state funds, \$89,651 in federal funds, and \$592,568 in local government funds.
- The total increase in expenditures for individuals covered under SGIP in FY23-24 and subsequent years is \$322,572 (\$274,521 + \$10,969 + \$37,082). The amount will be paid with \$191,861 in state funds, \$18,491 in federal funds, and \$122,220 in local funds.
- The total increase in state expenditures as a result of the proposed legislation is \$2,819,876 (\$1,889,666 + \$930,210) in FY22-23 and \$569,801 (\$377,940 + \$191,861) in FY23-24 and subsequent years.
- The total increase in federal expenditures as a result of the proposed legislation is \$3,784,931 (\$3,695,280 + \$89,651) in FY22-23 and \$757,561 (\$739,070 + \$18,491) in FY23-24 and subsequent years.
- The total increase in local expenditures as a result of the proposed legislation is \$592,568 in FY22-23 and \$122,220 in FY23-24 and subsequent years.
- The proposed legislation creates no significant fiscal impact to the Department of Commerce and Insurance.

## **IMPACT TO COMMERCE:**

**Increase Business Revenue – \$7,197,400/FY22-23**

**\$1,449,600/FY23-24 and Subsequent Years**

**Increase Business Expenditures –**

**Less than \$7,197,400/FY22-23**

**Less than \$1,449,600/FY23-24 and Subsequent Years**

Assumptions:

- Healthcare providers will experience an increase in business revenue of \$7,197,375 in FY22-23 (\$2,819,876 + \$3,784,931 + \$592,568) and \$1,449,582 in FY23-24 and subsequent years (\$569,801 + \$757,561 + \$122,220) for providing additional services.
- The increase in business expenditures is estimated to be less than those amounts for companies to retain solvency.
- The additional effects upon private insurance carriers and healthcare providers will be dependent upon various unknown factors subject to the rates and contractual agreements comprising each individual policy of healthcare.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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